

ACCIDENTAL GENIUS

How Slack's CEO and cofounder Stewart Butterfield monetized messaging

Text by KEITH GORDON

In 1989, while working at the research organization CERN, British scientist Tim Berners-Lee developed the World Wide Web as a way of simplifying the transfer of information and data between scientists located at universities and institutes around the world. Even he couldn't have possibly imagined that this tool would go on to impact practically every aspect of human existence in the 21st century, with the majority of its usage for purposes that aren't scientific in the least.

It's in this tradition of indirect discovery and creation that Slack cofounder and CEO Stewart Butterfield has achieved massive success, both from an impact and a monetary perspective. After all, Slack recently went public with a valuation north of \$16 billion. This comes after his 2005 sale of Flickr, a photo management and sharing application that was purchased by Yahoo for an estimated \$22–\$25 million. One might assume that Butterfield is another tech-savvy genius from Silicon Valley, but just like his successful ventures, his path has been a nontraditional one.

Born and raised in Canada, Butterfield began coding on his family's computer as a child, even designing websites in college for clients, but he wasn't the traditional computer science student. In fact, in 1996 he earned his BA from the University of Victoria in philoso-

“NARROWING THE FIELD CAN MAKE BIG CHALLENGES AND BIG GAINS FOR YOUR COMPANY FEEL MANAGEABLE”



phy. He went on to the prestigious University of Cambridge, where he received his master's degree in—you guessed it—philosophy. With no degree in computer science, nor business administration, his education seemed to set him up for a job in academia, not Silicon Valley.

At this point, Butterfield teamed with a friend to build and sell Gradfinder.com, an Internet-based alumni community offering a way for high school graduates to message one another, for what he called a “healthy profit.” But success proved somewhat elusive, as his next venture, an online gaming startup called Ludicorp—perhaps ahead of its time—failed to garner the necessary financial backing. While that may seem to some like a low point, Butterfield took the lessons from the experience in stride, and with his colleagues went on to create the photo management and sharing application Flickr.

What it demonstrated to Butterfield is that even out of seeming disappointments, opportunities can exist if one knows where to look and how to identify value. Arguably the most crucial asset Butterfield took from these experiences was to see that value; even if the main project had problems, there was still the potential for something worthwhile to emerge. And that would serve him well a few years down the line.

Predating both Instagram as well as the iPhone, the young entrepreneur was a founder of Flickr in 2004 and sold it to Yahoo a year later. And it led Butterfield and his team to create an application that has grown so quickly, and become so widely and fanatically utilized, that it has joined companies like Google in becoming a verb. “Slack me” has become part of our dialect in the same way as “Google it” did years back.

In the aftermath of his Flickr experience, Butterfield joined with former coworkers to create a multiplayer gaming company. They worked hard on a game called Glitch, but due to a number of reasons it did not take off, and Butterfield and his team had seemingly failed. However, in order to facilitate communication between the architects of Glitch, his team had created a tool that allowed real-time chat among them. Soon Butterfield realized that the tool was essential to their work, and that they had developed a brilliant communication platform. A different kind of application altogether, it would end up becoming much more important than the original project.

Known as a “pivot” in the tech and entrepreneurial worlds, this moment of genius shifted the paradigm entirely for the young creator and his team. Instead of just building a game, they had succeeded in developing something that would revolutionize the 21st century workplace.

Today, more than 10 million daily users and more than 95,000 paid customers in over 150 countries have turned to Slack. While the product has expanded, advanced and added new features, it was a decision by Butterfield that laid the principles for the program. Speaking to *First Round Review*, Butterfield explained his philosophy for creating a focus for both himself and his team: choose a few specific aspects or traits of the product and absolutely excel at them, never letting your focus waver from those areas.



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“We had a lot of conversations about choosing the three things we’d try to be extremely, surprisingly good at,” he explained. “And ultimately we developed Slack around really valuing those three things. It can sound simple, but narrowing the field can make big challenges and big gains for your company feel manageable. Suddenly you’re ahead of the game because you’re the best at the things that really impact your users.”

While a valuation of approximately \$17 billion as of mid-July, a listing on the New York Stock Exchange, and its place in our professional vocabulary as a verb, things appear rosy for Slack and Butterfield. But challenges exist on the horizon. Never ones to let an opportunity

pass, behemoth tech companies like Microsoft and Google have attempted to craft and disseminate their own versions of communication platforms. It’s yet to be seen if they’ll have any success winning market share from and slowing the momentum of Slack.

While the company’s financial success has almost certainly been rewarding for the young entrepreneur, it’s perhaps his impact on the business world that provides the most pride for Butterfield. Named as one of the 100 Most Influential People by *Time* magazine in 2006, Butterfield’s influence can now be felt everywhere from blue-chip conglomerates to spunky, young start-ups, and he is helping the next generation of entrepreneurs better communicate with their teams.